

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6083

BILL NUMBER: SB 198

DATE PREPARED: Oct 19, 2001

BILL AMENDED:

SUBJECT: Disability Benefits for Public Safety Officers.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill provides that a member of the 1925 Police Pension Fund, 1937 Firefighters' Pension Fund, 1953 Police Pension Fund, and 1977 Police Officers' and Firefighters' Pension Fund who develops cancer or a heart condition that is related to the police officer's or firefighter's duties is entitled to 75% of the salary of a first class patrolman or firefighter. It provides that the death of a police officer or firefighter from cancer or a heart condition related to the police officer's or firefighter's duties is a death in the line of duty.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: It is unknown how many disabilities are the result of heart disease or a diagnosis of cancer. For illustration purposes, it has been assumed that 50% of the disabilities are due to these conditions. Below is a table which shows the estimated fiscal impact of this proposal for all cities and towns with members in the affected pension plans based on the assumption above.

	<u>1925, 1937 and 1953 Funds</u>	<u>Converted 1977 Plan</u>	<u>Non-Converted 1977 Plan</u>
Increase in Actuarial Liabilities	\$1,179,588	\$866,100	\$9,479,400
Increase in Annual Funding	(see below)	(see below)	21% would increase to 22.1%

Since the benefits for the 1925, 1937, and 1953 Funds (Old Plan members) and Converted members are funded on a pay-as-you-go basis, the following illustrates the estimated increase in benefit payouts by cities and towns over the next five years:

<u>Calendar Year</u>	<u>Increase in Expected Benefit Payouts</u>
2002	\$269,603
2003	321,100
2004	385,320
2005	462,262
2006	<u>539,204</u>
Total	\$1,977,489

The funds affected are Police and Fire Pension Funds. The principal revenue sources for these funds are: 1) Cigarette taxes; 2) Liquor gallonage taxes; and 3) Auto and aircraft excise taxes.

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the Police and Fire Plans.

Local Agencies Affected: Those cities and towns with members in the affected pension plans.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for the Police and Fire Funds, 576-1508.

Old Plan: Members hired before May 1, 1977, who have not elected to convert to the benefit structure under the 1977 Act.

Converted: Members hired before May 1, 1977, who have elected to convert to the benefit structure under the 1977 Act.

Non-Converted 1977 Plan: Members hired after April, 30, 1977, all of whom are covered by the benefit structure under the 1977 Act.

Actuarial Liability: The excess of the present value of all benefits thereafter payable under the system over the present value of future normal costs.